



Multistate Tax Commission

Request for Proposals for the Study and Development of an Implementation Plan for Joint Cooperative Auditing by States through the Multistate Tax Compact November 19, 2001

1.0 Introduction

The Multistate Tax Commission (MTC) in conjunction with Idaho, Montana, Oregon and Utah conducted in recent years a pilot program for joint, cooperative income tax auditing. The four states conducted joint income tax audits for each other using state agency personnel under the authority of the Multistate Tax Compact and coordinated through the MTC. The pilot program proved to be a success given that the states were able to complete twice as many audits with the same resources as compared to audits conducted separately. Thus, the MTC Executive Committee commissioned this study to develop a plan to implement joint cooperative auditing on an expanded basis among the states under the auspices of the Compact.

The Multistate Tax Commission is seeking a consultant(s) to conduct the study and prepare a plan to implement expanded joint auditing. The plan will be presented to an MTC Task Force on Cooperative Auditing to be appointed by the MTC Chairman. The task force, in turn, will recommend a final plan to the MTC Executive Committee.

2.0 Background Study

The consultant(s) will be asked to conduct a background study of information on state auditing useful to developing the proposed implementation plan for expanded joint, cooperative auditing. As a part of the background study, the consultant(s) will examine the results of the pilot program to determine what worked well and what problems were encountered. The consultant(s) will also conduct a study of current MTC member states audit practices. The study should be limited to multistate income and sales tax audits. The study should examine the following areas:

1. Number of auditors in the state that perform multistate income and sales tax audits.
2. Number of auditors who are located in remote areas and identification of remote areas.
3. Number of audits by type that are completed each year.

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4. Each state's audit plan.
5. Each state's audit management philosophy.
6. Description of each state's income and sales & use tax laws.
7. Each state's audit personnel practices.
8. Individual state training procedures.
9. Differences in computer programs used by the states.
10. State participation in the MTC Audit Program.

The consultant(s) should feel free to develop information on additional topics as deemed necessary and appropriate to the development on the implementation plan for joint cooperative auditing.

3.0 Proposed Implementation Plan for Joint Cooperative Auditing

Using the information developed in the background study and other sources, the consultant(s) will prepare a proposed implementation plan to expand joint cooperative auditing among the states under the authority of the Multistate Tax Compact. In the course of developing the plan, the study is expect to answer the following questions:

1. What is the optimum number of states in a regional audit group?
2. What criteria should be used to group the states?
3. Are there special functions, such as out-of-state audit offices in the same remote locations, that lend themselves to cooperative auditing?
4. Based on the above, what is proposed logical grouping of states to implement cooperative auditing on an expanded basis?
5. What criteria should be used in selecting audits for the groups?
6. What criteria should be used in selecting the auditors who will participate in joint auditing?
7. What training is necessary for the auditors selected?
8. How should training be conducted?
9. How will the review process for completed audits be conducted?
10. Given the uniformity purposes of the Multistate Tax Compact, how will differences in tax treatment among states within a regional audit group and between different regional audit groups be resolved?
11. What type of coordination and common services are needed to ensure effective and efficient cooperative auditing?
12. What additional costs are anticipated to run the program?
13. What standards should be used to measure the success of the program?

The consultant(s) may address additional questions as well. The questions are intended as a means of developing a feasible plan for the expansion of joint, cooperative auditing. While answers to these and other questions should be included in a final report, the product for which the consultant(s) is ultimately responsible is the implementation plan

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for joint, cooperative auditing including recommendations for a logical grouping of states for this purpose and a proposed timetable of implementation.

4.0 Working Relationships

The consultant(s) will work closely with the MTC Audit Director. The consultant(s) will also work intermittently with other MTC staff and the MTC Executive Director. The consultant(s) will work with the individual state audit managers. The consultant(s) will present the report and recommendations to the Task Force on Cooperative Auditing and may be asked by the task force to make changes or additions to the report and recommendations. Final acceptance of the report and plan rests with the MTC Executive Director. The consultant(s) may be asked to assist in the presentation of the study and plan to the MTC Executive Committee.

5.0 Completion and Acceptance of Study and Implementation Plan

The final report and recommended implementation plan should be submitted to the MTC Executive Director within 180 days of the appointment as consultant.

6.0 Proposed Costs

The consultant(s) should submit a statement of proposed total costs for conducting the study and development of the implementation plan. For purposes of estimating travel costs to meetings, bidders should assume traveling to three meetings to consult with or make presentations to MTC committees or task forces.

7.0 Schedule of Payments

Progress payments for the consulting work and reimbursement for necessary expenses will be made on a monthly basis. However, ten percent of the cost of the consulting work for the study and implementation plan will be retained until acceptance of a final report and implementation plan by the MTC Executive Director.

8.0 Qualifications

The consultant(s) engaged for the project should be capable of performing the study including traveling to the states to gather information and ideas. The consultant(s) would be expected to attend various MTC meetings where appropriate. The consultant(s) should be persons who have had significant experience managing and overseeing state audit operations.

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9.0 Bidders Teleconference

The Multistate Tax Commission will conduct teleconference for potential bidders on Thursday, December 6, 2001 at 4:00 pm Eastern time. Parties interested in participating in the bidders teleconference should contact Charmaine Wright by phone at 202-624-8699 or by e-mail at cwright@mtc.gov to secure information on how to participate in the teleconference. Bidders are encouraged to contact Ms. Wright no later December 5, 2001 to ensure receipt of the information concerning the teleconference.

10.0 Written Inquiries and Responses

Bidders may submit written inquiries concerning this request for proposal to Les Koenig, MTC Audit Director, 223 W. Jackson Blvd., Suite 912, Chicago, Illinois 60606-6908 or by e-mail at lkoenig@mtc.gov. Inquiries submitted by December 19, 2001, will receive a response. All questions and responses will be made available to all bidders who request receiving such responses or who participate in the bidders conference. Every reasonable effort will be made to reply to inquiries made after December 19, 2001, but responses are not guaranteed for such inquiries.

11.0 Submittal of Proposals

Interested parties should submit a proposal to conduct the study and development of the implementation plan that responds to request described above by December 31, 2001. A proposal will be considered submitted if it is postmarked, placed into express delivery or hand delivered by December 31, 2001. Proposals should be submitted to:

Les Koenig, MTC Audit Director
Multistate Tax Commission
223 W. Jackson Blvd., Suite 912
Chicago, Illinois 60606-6908